

LEGISLATIVE BILL 152

Approved by the Governor May 24, 1971

Introduced by Terry Carpenter, 48th District

AN ACT to amend section 72-1246, Revised Statutes Supplement, 1969, relating to the Nebraska Investment Council; to provide additional investment authority; to authorize the purchase of student loans as prescribed; to provide for administration; to repeal the original section, and also section 72-1245, Revised Statutes Supplement, 1969; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 72-1246, Revised Statutes Supplement, 1969, be amended to read as follows:

72-1246. All money made available to the state investment officer for investment may be invested in the following classes of securities after proper consideration of the requirements for the availability of such money: (1) Notes, bonds, or other obligations of the United States, or those guaranteed by or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof; (2) bonds or other evidences of indebtedness of the State of Nebraska and full faith and credit obligations of, or obligations unconditionally guaranteed as to principal and interest by, any other state of the United States; (3) notes, bonds, or obligations of any municipal or political subdivision of the State of Nebraska which are general obligations of the issuer thereof and revenue bonds or debentures of any city, county or utility district of the State of Nebraska where the earnings available for debt service have, for a five-year period immediately preceding the date of purchase, averaged not less than two times such debt service requirements; (4) bonds and debentures issued either singly or collectively by any of the twelve federal land banks, the twelve intermediate credit banks or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration; (5) certificates of deposit of banks which are members of the Federal Deposit Insurance Corporation except that whenever the amount deposited exceeds the amount of insurance available thereon, the excess shall be secured in the same manner as for the deposit of public funds;

(6) accounts with building and loan associations or federal savings and loan associations in the State of Nebraska to the extent that such accounts are insured by the Federal Savings and Loan Insurance Corporation; (7) bonds or other interest-bearing obligations of any corporation organized under the laws of the United States or any state thereof, except that (a) at the time the purchase is made, they are given, by at least one statistical organization whose publication is in general use, a rating of AAA, AA or A, and (b) not more than five per cent of the total investment fund shall be invested in the obligations of any one issuer; (8) direct short-term obligations generally classified as commercial paper of any corporation organized under the laws of the United States or any state thereof with a net worth of ten million dollars or more; and (9) long-term, low-interest loans to Nebraska residents seeking adult or post high school education at any public or private institution in this state; and (10) any security of any corporation organized under the laws of the United States or of any state thereof with a net worth of ten million dollars or more, except that (a) not more than forty per cent of the total money available for investment at the time such investment is made shall be in this class and not more than five per cent shall be invested in each of the first eight years, and (b) not more than five per cent thereof shall be invested in the securities of any one corporation. Notwithstanding the aforesaid percentage limits, the cash proceeds of the sale of such securities of any corporation may be reinvested in any securities authorized under this subdivision. The state investment officer may invest money available for investment in any fund with one or more primary carriers which shall invest such money in a manner authorized by the state investment officer.

Sec. 2. The Nebraska Investment Council, out of funds available to it, upon the application of any qualified lending agent as defined under the Federal Higher Education Act of 1965, may purchase all student loans which are federally guaranteed, as to principal and interest, and made to Nebraska residents attending Nebraska institutions, which are offered to the Nebraska Investment Council for purchase and shall give preference to such loans when an investment in such loans would be equally as good as any other investment: Provided, such offers shall be in amounts of five thousand dollars or more from a single lending agent.

Sec. 3. The Nebraska Investment Council may hold such loans or offer them for sale or resale on such

terms and conditions as shall be negotiated with purchasers. Conditions of such sale or resale may be, but shall not be limited to, amounts to be retained for service, degree of servicing requirements, conditions of repurchase and responsibility for collection and reports to the quaranteeing agency of the federal government.

Sec. 4. The Nebraska Investment Council may negotiate with the Board of Trustees of the Nebraska State Colleges for the servicing of such loans which may be purchased by the council, retained in its investment portfolio or resold as provided in section 3 of this act. The council may require such security for the performance of the servicing duties as it may deem necessary to insure full compliance with a servicing agreement.

Sec. 5. The Nebraska Investment Council shall obtain the approval of the Department of Health, Education and Welfare, Office of Education, before purchasing, selling, or servicing loans pursuant to sections 2 to 5 of this act.

Sec. 6. The Nebraska Investment Council may give priority to the investments authorized by section 2 of this act and shall liquidate other investments if necessary to meet the demand for such loans: Provided, that any investments made prior to the effective date of this act may be retained in kind, notwithstanding the provisions of section 72-1246, until such time as in the discretion of the Nebraska Investment Council the same may be sold for the best advantage of the retirement fund. All interest received on such loans shall be credited to the fund from which the loan was made.

Sec. 7. That original section 72-1246, Revised Statutes Supplement, 1969, and also section 72-1245, Revised Statutes Supplement, 1969, are repealed.

Sec. 8. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.